GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Municipal Administration and Urban Development Department – Andhra Pradesh Capital Region Development Authority – Proposal of Singapore Consortium (OPP) comprising of Ascendas-Singbridge Pte. Ltd. and Sembcorp Development Ltd for the development of startup area of 6.84 Sq. Km Seed Capital Area of Amaravati as Master Developer – Approval for Selection of Singapore Consortium as Master Developer – Orders issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (CRDA.2) DEPARTMENT

G.O.MS.No. 179 **Dated: 08-05-2017**

Read the following:

1. G.O.RT.No.266,MA&UD(CRDA.2)Department,Dt.06.05.2016
2. G.O.Ms.No.170, MA&UD(CRDA.2) Department, dt.04.07.2016
3. APIDE Act, 2001 as amended in ordinance No.5 of 2016.
4. G.O.Ms.No.1, MA&UD(CRDA.2) Department, Dt.02.01.2017.
5. Lr. No.CRDA-14024(34)/117/2016/Part-2, Dt.23.02.2017
6. GoAP. Memo No.400273/CRDA.2/2017, Dt.03.03.2017
7. E-File received from the Commissioner, APCRDA on Dt.04.04.2017
8. GoAP Memo No.400273/CRDA.2/2017, Dt.14.04.2017
9. Letter dt.22.04.2017 of Singapore consortium to the GoAP.
10. Letter No.CRDA-14024(34)/117/2016-part (5) Dt.25.04.2017

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ORDER:

The Government vide G.O 2nd read above, issued orders approving the revised Swiss Challenge Proposal and subsequent addendums, report of High Powered Committee (HPC) nominated by the Government vide G.O in reference 1 above and concessions/support/ incentives sought by the Singapore Consortium (Original Project proponent-OPP).

2. The Government vide G.O in Ref. 4 above had approved the "Revised Swiss Challenge Proposal as submitted by OPP and as negotiated by HPC including Business Plan, Concession Agreement and Development Agreement (CADA), Shareholders Agreement (SHA) and the resulting addendums, in the capacity of Competent Authority in terms of APIDE Act (Amendment) Ordinance 2016 referred at 3 above.

3. Further, the Government of AP, vide G.O in ref 4 above, had directed the Commissioner, Andhra Pradesh State Capital Regional Development Authority (APCRDA) to invite counter challenging proposals on behalf of the Government for the Government approved OPP's proposal through a fresh international competitive bidding under Swiss challenge approach under APIDE Act (Amendment) Ordinance, 2016 and to form a Tender Evaluation Committee for evaluating the Tender documents and report the outcome of the Tender to the Government. The Commissioner was authorized to form a Technical Committee, approve the eligibility criteria recommended by the Technical Committee to be included in the Tender Documents and approve the Tender Documents finalized and recommended by the Technical Committee.

4. Accordingly, the Commissioner, APCRDA had reported, to the Government, vide letter in ref 5, the outcome of the fresh tender called by APCRDA for and on behalf of the Government, inviting competing counter proposals. The Commissioner has reported the following:

a. APCRDA has invited a fresh tender for and on behalf of the GoAP, vide NIT no 56/CRDA-14024(34)/117/2016 dated 03-01-2017, through International Competitive Bidding duly notifying it in national, international newspapers and widely circulating it to foreign embassies in India and Indian embassies in foreign countries and also to various developers across the globe. A technical committee was also formed for finalizing tender documents.

b. As recommended by the Technical Committee, a two-staged bidding process (Request for Qualification (RFQ) and Request for Proposal (RFP)) was adopted for this purpose. The first stage involves qualification of bidders who make an application in accordance with the provision of RFQ documents. Qualified bidders shall be eligible for participation in the second stage of the bidding process i.e., RFP. In this second stage the RFP document and related information, including the revenue share offered by the OPP shall be made available to the qualified bidders.

c. After the end of 45 days specified for RFQ submissions, the Commissioner has reported that no counter proposals were received challenging the OPP's proposal and hence the bid process for receiving counter challenging proposals to the OPP's proposal under Swiss Challenge approach under APIDE Act 2001 was closed.

5. After careful examination of the matter, the Government directed the Commissioner, APCRDA, vide Memo in reference 6, to open the Revenue Share Cover (RSC) and take necessary action to proceed further in the matter. Accordingly, revenue share cover submitted by the OPP was opened and was found that the Revenue Share percentage to APCRDA by Amaravati Development Partner (ADP), the Special Purpose Vehicle to be formed as Joint venture between Singapore Consortium (OPP) and Amaravati Development Corporation (ADC- owned by Government) was 5% (five percent) on the Gross Sales Revenue as per the terms of CADA and its amendments.

6. The Commissioner, APCRDA, has reported vide reference 7 above, that as directed by the GoAP vide ref 6 above, the matter was placed before the APCRDA Authority for deliberations, after seeking an evaluation report including financial analysis of the OPP's proposal from McKinsey &Co, the transaction advisor and after review of the outcome of the report by an expert committee constituted by APCRDA.

7. The Authority, vide Resolution No.114/2017, has recommended to the Government to find ways and means to compensate to APCRDA the projected revenue deficit, given the significance of the proposal for development of start-up area, to kick start the economy, boost overall development, promote investments and create jobs, to make the green field capital city, Amaravati, a success and a global destination for people and investments.

8. The Government, after careful examination of the matter conveyed to Commissioner, APCRDA, vide Memo in Ref.8 above that the proposed 5% Revenue Share with APCRDA offered by the Original Project Proponent (OPP) cannot be accepted and decided that the High Powered Committee (HPC) constituted, vide reference 1, should carry out negotiations with Singapore Consortium (OPP) and furnish its report to the Government.

9. The Commissioner, APCRDA & Member Convenor HPC, vide letter in ref at 10 has forwarded the report of the technical committee and the minutes of the HPC. The OPP had furnished their enhanced Revenue Share offer vide Ref. 9 above. After due deliberations assisted by the evaluation of enhanced revenue share offer by transaction advisor M/s Mckinsey & Co the HPC resolved that the enhanced revenue share is in-principle acceptable and recommended to the Government for further necessary action.

10. After careful examination of the enhanced revenue share offer submitted by the Singapore Consortium (OPP) vide ref 9 above, and the recommendations of the High Powered Committee (HPC), remarks thereon by various departments and keeping in view the larger interest and long term objectives of state, Government here by approve the following:

a. recommendations of the High Powered Committee for acceptance of the revenue share offered by the Original Project Proponent (OPP) (5% in Phase-I, 7.5% in Phase-II, and 12% in Phase-III) of the gross sales revenue as per Concession and Development Agreement (CADA) and its amendments in the overall interest of development of Amaravati, as a greenfield city in terms of attracting investments, being global destination of the people, creating jobs and employment opportunities, share of taxes to the Government and benefits from accelerated land price appreciation to Government as well as to the farmers.

b. Commissioner, CRDA is directed to issue the letter of award to the OPP and enter Concession and Development Agreement after duly incorporating the addendums, with the OPP and the CMD, ADC is directed to sign shareholder agreement with OPP to form ADP.

c. Equity of ADC in the ADP shall not be diluted without prior approval of the Government."

11. In view of the above, the Commissioner, APCRDA and CMD, Amaravati Development Corporation (ADC) are hereby directed to take further necessary actions as under:

a. Commissioner, APCRDA to issue Letter of Award (LoA) to the Singapore Consortium (OPP) comprising of M/s. Ascendas-Singbridge Pte. Ltd. and M/s.Sembcorp Development Ltd.

b. Commissioner, APCRDA to sign the Concession and Development Agreement (CADA) approved vide G.O in ref 4 above after duly incorporating the addendums approved in the same G.O with OPP and initiate necessary actions as per the provisions of the Concession and Development Agreement (CADA).

c. CMD, ADC to sign the Shareholders Agreement (SHA) approved vide G.O in ref 4 above after duly incorporating the addendums approved in the same G.O to form ADP and initiate necessary actions as per the provisions of the Shareholders Agreement (SHA).

d. CMD, ADC to ensure that the equity of ADC in the ADP shall not be diluted without prior approval of the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT (CRDA)

To
The Commissioner,
Andhra Pradesh State Capital Regional Development Authority,
Vijayawada
The Chairperson & Managing Director,
Amaravati Development Corporation,
Vijayawada

Copy to:

Ps to Chief Secretary/Prl. Secy to Hon'ble Chief Minister
The Chief Executive Officer, Andhra Pradesh Economic Development Board, Hyderabad.
P.S to Spl. Chief Secretaries/Prl. Secys/Secretaries of all Departments in AP Secretariat.
OSD to Hon'ble M(MA)
The PS to Hon'ble M(MA)
The PS to Hon'ble Minister for Finance
The PS to Chief Secretary
The Law Department
The Finance Department
The I&I Department
All the Departments in AP Secretariat, Velagapudi.
SF/SC.

//FORWARDED::BY ORDER//

SECTION OFFICER